



ADMINISTRATIVE OFFICE  
OF THE COURTS  
455 Golden Gate Avenue  
San Francisco, CA  
94102-3688  
Tel 415-865-4200  
TDD 415-865-4272  
Fax 415-865-4205  
[www.courts.ca.gov](http://www.courts.ca.gov)

## FACT SHEET

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December 2010

# Performance-Based Infrastructure: Courthouse Construction

The need for trial court construction and repair in California is immense. Some 90 percent of these buildings require significant renovation, repair, or maintenance. No single source of public funds is large enough to finance these projects, so the California Judicial Council, through the Administrative Office of the Courts (AOC), is piloting a new and promising way to construct court buildings in partnership with the private sector. The arrangement, called “performance-based infrastructure (PBI),” involves the AOC engaging a private consortium to finance, design, build, operate, and maintain a new court building under detailed guidelines developed by the agency. This arrangement leverages the private sector’s ability to mitigate development risks. Payments by the AOC to a private consortium are conditioned on the building’s successful operation and maintenance (hence, “performance-based”). These partnerships capitalize on the development expertise of the private sector, while ensuring that projects meet their objective of providing high-quality infrastructure for the public. As a result, needed infrastructure can be constructed more quickly and operated more cost-effectively than through a conventional public development process.

### New Funding Approach

PBI agreements are emerging as a new approach to the financing of public buildings. PBI court building projects have been carried out successfully in Australia, Canada, and the United Kingdom. In the United States, experience with large PBI projects has been limited so far to the transportation sector (i.e., highways and bridges) where the requirements and financing structure differ significantly from those used in the construction of buildings. As a result, the effectiveness and applicability of PBI for court projects in California needs to be tested and evaluated.

### New Long Beach Court Building

Among the courts with the greatest need for replacement is the Long Beach court building. When compared with currently accepted standards, this courthouse suffers from fundamental functional and security flaws, is overcrowded, and fails to meet accessibility requirements. Recent commercial and residential redevelopment around the current court location in Long Beach's civic center created the opportunity for the state to benefit from a PBI project to construct a replacement courthouse in an appropriate nearby location.

In managing the Long Beach project, the AOC consulted with the Superior Court of Los Angeles County, the Legislature, the executive branch, and other key stakeholders to draft requirements for the new court building. The AOC management team then evaluated statements of qualifications from firms in the financial, real estate, and development communities; reviewed detailed proposals from three consortiums; and in mid-2010 selected Long Beach Judicial Partners to finance, design, build, operate, and maintain the new court building. In December 2010, the AOC finalized its agreement with the project company. Construction is expected to begin in 2011 and be completed in fall 2013.

### Future PBI Courthouse Projects

In defining the ground rules for a PBI project in Long Beach, the AOC is pioneering the process in California, and future PBI opportunities will be evaluated based on the experience in Long Beach. The AOC has a current portfolio of more than 50 projects for new courthouse construction or renovation. However, the Judicial Council's Trial Court Capital-Outlay Plan includes another 100 projects for which funding has not been secured. For this reason, the judicial branch must continue to explore other means to fund the state's ongoing need for courthouse infrastructure improvements. The experience gained with PBI in Long Beach will be a valuable contribution to this process.

#### Contact:

Clifford Ham, Principal Architect, [clifford.ham@jud.ca.gov](mailto:clifford.ham@jud.ca.gov), 415-865-4043

#### Additional resources:

[www.courts.ca.gov/3728.htm](http://www.courts.ca.gov/3728.htm)